

26 April 1985

MEMORANDUM FOR THE RECORD

SUBJECT: Discussions with Andrew Ruddock Regarding Senate
Republican Leadership/White House Compromise Budget
Package

1. The undersigned talked with Andrew Ruddock, this date, to ascertain whether he had any information to what provisions are contained in the Senate Budget Compromise Package. Andy said he had some data but it was apparently uncertain as to what the total package would be. There apparently are two versions; one which contains a 5% reduction for age for each year of retirement under age 65, and a high-three to high-five provision. The other version would not contain these features. Andy thinks that locked into both versions would be the following:

- o An increase from 7 - 9% in employee retirement contributions beginning in 1987.
- o A COLA reduction with a formula of CPI -2% with a guaranteed minimum of 2%.
- o Cost containment on federal health benefits (undefined).
- o Pay freeze for federal employees.
- o Add one additional year for each in-grade step increase.
- o 4% reduction in federal work force by attrition.
- o Reduction of 10% in administrative cost (undefined).

2. Andy thought the compromise would be brought to the Senate floor for a vote in the near future. There are indications from some Senate staffers that the reduction for age and the high-five provisions will eventually be dropped. This, however, is apparently not a certainty.



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